

# **PENTAGON RENOVATION PROGRAM (PENREN)**

## **CONTRACT CHANGE MANAGEMENT**

Policy OPR: Acquisition and Business Group

**PMD 00-05B**

### **1. References.**

- 1.1 FAR Part 36, Construction and Architect-Engineer Contracts
- 1.2 FAR 36.102, Definitions
- 1.3 FAR 36.203(a), Government estimate of construction costs
- 1.4 DFAR Part 236, Construction and Architect-Engineer Contracts
- 1.5 FAR Part 43, Contract Modification
- 1.6 PMP 99-33A, Contracting Officer's Representative
- 1.7 PMD 98-04A, Integrated Product Teams

### **2. Applicability.** This policy applies to all members of PENREN.

### **3. Purpose.** This document:

- 3.1 Establishes the PENREN Contract Change Management process that is applicable to all changes.
- 3.2 Adopts the Proposal Preparation and Negotiation Integrated Product Team (PPN IPT) process as the PENREN proposal preparation, estimate preparation, and pricing methodology for changes.
- 3.3 Establishes procedures for Normal, Expedited, Emergency, Field Changes, Tenant Requested Changes and changes requiring Configuration Control Board (CCB) review.
- 3.4 Defines the roles and responsibilities of the participants in the Contract Change Management process to minimize potential conflicts, facilitate timely actions and to ensure compliance with legal requirements.
- 3.5 Outlines supporting documentation requirements for the PENREN Contract Change Management and CCB process.

#### **4. Policy.**

- 4.1 This policy provides guidelines for actively managing changes to the contract for all projects administered by the PENREN through the use of IPT approach.
- 4.2 A contract change is any event that results in a modification of the project work, scheduled delivery date, or cost. Tenants and designers can request changes during design development to reflect changes in project scope or preference for equipment and materials other than those originally specified. Contractors can request changes when interferences are encountered, such as differing site condition, or other design problems or systems integration issues are found. Contractors or the Government can also initiate Value Engineering or Engineering change proposals in an effort to reduce cost, increase productivity, and improve performance or quality. Changes on any PENREN project can be expected, but the potential for cost and schedule consequences of those changes must be thoroughly understood and intensively managed by the PENREN IPT team members to minimize the overall net effect on the cost and schedule.
- 4.3 All PENREN projects will use the PPN IPT approach. This technique envisions concurrent and cooperative work by PENREN and the contractor on the preparation of the Statement of Work and the cost proposal for each change. This team will also fully cooperate on scheduling analysis, estimate preparations, and any other related change issues.
- 4.4 As soon after award as practical, the Contracting Officer (KO) will brief the contractor on the PPN IPT technique using the PPN IPT Flow Chart (See enclosure 1). The KO will also prepare and execute a MOU with the contractor concerning the use of the PPN IPT techniques on the contract (See enclosure 2 for sample MOU). These two steps may be abbreviated for contracts, which include the PPN IPT pricing process and the MOU in the contract.

#### **5. Definitions.**

- 5.1 Contract Change Documentation: those written materials or drawings that support, explain, or are closely related to a contracting action or contract modification, e.g., the Statement of Work, schedule analysis, verification of funding availability, CCB Decision Document, Purchase Request, Price Negotiation Memorandum, and other documents, as required.
- 5.2 Change Order: a written order, signed by the KO directing the contractor to make a change that the Changes clause authorizes the KO to order without the contractor's consent.
- 5.3 Change Request Form/Baseline Requirement Change Request Form (BRCRF): The form that is used to request and initiate a change or modification to the contract. The format for Change Request Form is at enclosure 4. The BRCRF is used for baseline requirement changes. The change request form to be used for baseline requirement changes is provided at enclosure 5.

- 5.4 Contract Modification (also referred to as a “modification”): any written change in the terms of a contract. Modifications may be unilateral or bilateral. A modification may or may not impact contract cost, schedule, or specifications.
- 5.5 Design-Build: the preferred PENREN contract delivery method, where the contractor has responsibility for both design and construction contract requirements. Processing goals for modifications in this document assume the existence of a design-build contract.
- 5.6 Discretionary Changes: Discretionary baseline requirement changes are those changes that are considered for approval because they may add value to the renovation program.
- 5.7 Emergency Change: those changes determined to require immediate handling that relate to such matters as National Emergencies, security, or life-safety requirements. In emergency situations, the KO will provide direction in whatever manner necessary to mitigate the emergency.
- 5.8 Expedited Change: those changes determined to require expedited handling to avoid adverse impact to a project or its critical path activities.
- 5.9 Field Change: a change valued at not more than \$5,000, unless specifically authorized by the DPM, for work within the scope of the contract that does not extend the critical path of the contract. The KO may designate, in writing, an Ordering Officer, usually the Contracting Officer’s Representative (COR), with the authority to execute Field Changes.
- 5.10 Mandatory Changes: Mandatory baseline requirement changes are those that must be made in order for the program to continue. These changes may be required due to newly established federal requirements and guidelines, or due to changes in any area directly related to the mission of the Department of Defense. Although these changes must be made, they must be considered by the CCB in order to determine the best program-wide implementation strategy.
- 5.11 Memorandum of Understanding (MOU): The documentation, signed by the contractor and the Government, which outlines the PPN IPT pricing procedure, roles, and responsibilities of the parties. An MOU will not be required if the PPN IPT process is contained in the basic contract.
- 5.12 Normal change: a change that is not an Emergency, Expedited, or Field Change.
- 5.13 Ordering Officer: an individual appointed in writing by the KO with limited authority to issue orders against a specific contract. The appointment of a COR as Ordering Officer may be accomplished in the COR appointment letter. A copy of the letter will be sent to the contractor.
- 5.14 Post Negotiation Memorandum (PNM)/Price Reasonableness Memorandum (PRM): a complete summary of a requirement’s development, documenting any negotiations, and

the resulting agreements concerning price, schedule, and other terms and conditions for a Change Order (format at enclosure 6).

- 5.15 Prime Contractor's Representative: a person designated by the contractor to make appropriate decisions for the contractor at PPN IPT meetings.
- 5.16 Proposal Preparation and Negotiation ITP (PPN IPT): a cooperative team approach to the preparation of requirement descriptions, estimates, and proposals. The Team will include those contractor and Government personnel the GIPTL, the KO and the contractor's project manager determine to be necessary given the nature of the particular change. The Team may include subcontractors when appropriate. In the Team, work approaches and pricing alternatives are shared openly between the Government and the contractor's representatives to arrive as quickly as possible at a joint determination of the description of the work and the price of its components. Based upon a mutual agreement of the requirements of the work and the expected pricing of the work, the contractor will submit a priced proposal, which may require little or no negotiation to be accepted by the Government.
- 5.17 Requirement Baseline: The performance requirements are the approved baseline applicable to the project. The designs that are subsequently developed with Government participation represent the contractor's proposed implementation of systems and facilities that are intended to meet the approved baseline requirements. After verification through an approval process, the design documentation provided by the contractor for the system/project will become the baseline.
- 5.18 Technical Evaluation (TE): an analysis by a qualified Government representative of the technical aspects of a proposed contract change.
- 5.19 Undefined: a term applied to an unnegotiated requirement. The contractor and the Government have not agreed to the final price of the change.

## **6. Process.**

- 6.1 Whenever practical, and as soon as possible after contract award, the Team will negotiate and document agreements with contractors concerning the use of estimating guides (such as R. S. Means Catalogues), change mark-ups, and similar items designed to streamline the negotiation process. For each proposal, details of costs will be developed and recorded on the PPN IPT Cost Format (See enclosure 3 for Cost Format). In addition, the duration of each agreement must be also clearly understood by both parties to include an agreement on when periodic reviews of the agreements should occur.
- 6.2 The process begins when the Government or the contractor proposes a change to the contract. First and foremost the proposed change must be thoroughly reviewed and analyzed jointly by the GIPT and the KO to ensure that it is not covered under the base contract. The description of the changed work must also provide a clear understanding of the required changes. Once the KO has made a determination that a change is

required, a composite team of Government and contractor personnel will work together in a coordinated effort to define the SOW, schedule, and price of a change. The Geographic IPT Leader (GIPTL), KO and the contractor's project manager based upon the nature of the pending change will establish Team members. Major subcontractors should also be invited to be Team members.

- 6.3 Prior to beginning the process, the GIPTL will verify that funding is available in the project spend plan, or other funding documentation and coordinate with the Resource Management Group to provide early notification on need for funding.
- 6.4 Those contract change items that may have an impact on the baseline requirements or potentially impact the baseline requirements of another project will be referred to the Configuration Control Board (CCB) for review and decision. This is the group authorized by the Program Director to act on changes to the approved baseline requirements for all projects under the purview of the Pentagon Renovation Program. The CCB will meet on an as-required basis. All members will be notified in writing or electronically via E-mail at least 10 days in advance for routine meetings. Emergency meetings may be scheduled and conducted immediately without advance notice. The CCB process takes precedence over a decision letter coordination process that has also been used to seek approval of project specific changes.
- 6.5 The CCB consists of a CCB chair person and the following voting members: Acquisition Business Group Leader, the PRISM Group Leader, and the PTCM Program Manager. The CCB process will be managed by the Configuration Control Manager (CCM). The CCB Chairperson, CCM, all other members and alternates will be appointed in writing. These letters will be updated as required by personnel and organizational changes. Each member shall designate at least one alternate to serve in his or her absence.
- 6.6 Should the KO and GIPLT disagree on pricing or other contract matters, the issue should be elevated to the Acquisition & Business Group Leader and respective Deputy Director; and if necessary, then to the principal Deputy Program Director for resolution. Where disagreements persist, contracting decisions should be approved or overturned by a person with a Contracting Officer warrant, preferably the Acquisition & Business Group Leader, Deputy Program Director, or the Program Director; and such decisions will be documented in the contract file.

## **7. Roles and Responsibilities.**

- 7.1 Geographic Integrated Product Team Leader (GIPTL): that person designated by the PENREN PM to have primary responsibility for cost, schedule, quality, and management decisions pertaining to a designated project. The GIPTL is also responsible for the receipt, tracking, maintenance, distribution, and timely response to correspondence. The GIPTL is responsible for ensuring that correspondence to contractors by the GIPTL or site staff, other than the KO, contains the following notice: "Any direction contained herein is considered within the scope of the subject contract.

Such direction shall not be construed as authorizing an adjustment to the contract price, delivery schedule, or other terms and conditions of the contract. If the Contractor believes the change has contractual implications, the Contracting Officer should be notified immediately.” The Geographic IPT Leader is responsible for screening all proposed change requests for their respective contracts to ensure that each change involving a proposed baseline requirement change is forwarded to the CCM for CCB consideration.

- 7.2 Contracting Officer (KO): that Government employee with authority to legally bind the Government by signing a contractual instrument in accordance with the limitations of a Contracting Officer’s Warrant. The KO’s responsibilities regarding modifications, change orders, and field changes include:

- (1) Reviews change documentation,
- (2) Issuing requests for proposals, or price presentations as required,
- (3) Establishing the PPN IPT members in coordination with GIPTL
- (4) Scheduling negotiations as required; establishing negotiation strategy
- (5) Leading negotiation teams,
- (6) Designating a Lead Negotiator for technical areas,
- (7) Overseeing preparation of any negotiation documentation,
- (8) Reviews, approves, and signs out modifications,
- (9) Issuing and executing contract modifications,
- (10) Determining price fairness and reasonableness.
- (11) During CCB meetings, provides advice relevant to the action items

The KO is responsible for providing to GIPTL general business advice, overall acquisition strategies, alternatives for handling contractual issues, and interpretation of contract terms and conditions. The KO will sign responses, and other correspondence, which may have an impact on the contract cost, schedule, or terms and conditions, after coordination with the GIPTL. The KO will coordinate with GIPTL to determine which types of correspondence require GIPTL review and concurrence prior to KO signature.

Only the KO or Contract Specialist will have the authority to accept or reject proposed terms and pricing during the PPN IPT process. Disagreements between the KO or Contract Specialist and the Estimator or GIPT engineer related to the pricing of contract changes should be referred immediately to the GIPTL. When the KO and GIPTL cannot agree and resolve such issues they will be referred to the Acquisitions and Business Group Leader and respective Deputy Director for resolution. If necessary, continuing disagreements involving up to \$1 million will be resolved by the principal Deputy Program Director (DPD). Continuing disagreements involving more than \$1 million will be referred to the Program Director for resolution.

- 7.3 Contracting Officer’s Representative (COR): that person appointed by the KO to perform contract administration functions as listed in the COR appointment letter and PMP 99-33A. The person who is appointed COR may also be appointed to the distinct function as an Ordering Officer to execute Field Changes.

7.4 Contract Specialist (KS): that person designated as the KO's principal assistant on one or more contracts. The KO assigns the KS's duties. The KS may represent the KO on a PPN IPT and may serve as the Government Lead during negotiations, as required. Also, the KS will maintain the contract file and oversee preparation of Change process documentation and other contract modifications.

- (1) During CCB meetings, provides advice relevant to the action items.
- (2) Provides the CCB (through the CCM) with copies of all approved field changes.
- (3) Upon receipt of an approved CCB Action Item, initiates the appropriate contract action to implement the baseline requirement change.
- (4) Prepares the change documentation (PNMs, etc).
- (5) Schedules negotiations as required and establishes and coordinates pricing strategies through the contracting officer.

7.5 Contract Estimator: a member of the Geographic Integrated Product Team (GIPT) responsible for providing estimating support. The Estimator is a member of the Team and provides input directly into the preparation of the requirement, schedule, and the negotiation objective. The Estimator is also an adviser to the KO on the technical basis for all pricing issues and a member of the KO's negotiation Team. The Estimator will normally serve as the negotiator on technical issues. The Estimator will coordinate all negotiation objectives, as the KO will have the ultimate authority to accept prices during negotiations.

- (1) Assists in the preparation of change documentation.
- (2) Serves as integral member of all scope development and joint pricing process.
- (3) Serve as the key focal point for development of joint pricing and finalized agreements as coordinated through the KO
- (4) Reviews PPN IPT prepared proposals that have been finalized by the contractor to ensure compliance with quantity and pricing agreements.

7.6 Technical Advisors (PRT leaders/members, operations personnel, etc). Most changes will require the involvement of technical support to ensure the proposed solution and approach meets the design requirements. These individuals are identified to each change via the GIPT Leader.

- (1) Assist in the preparation of the change documentation
- (2) Provide information relative to resolving conflicts of entitlement
- (3) Serve as an integral members of all scope development and joint pricing process
- (4) Keep the IPT team members up to date with forthcoming changes that may impact the change being evaluated and negotiated.

7.7 CCB Chairperson: The Program Director has delegated the chairmanship of the CCB to the Principal Deputy Director. For changes to the baseline requirement for IM&T issues, the Deputy Director for IT will chair the CCB.

- (1) Reviews the status of action items prior to CCB review.
- (2) Presides over all CCB meetings.
- (3) Facilitates the discussion of all Baseline Change Request Forms reviewed.
- (4) Reviews and approves, by signature, all CCB Action Forms.

7.8 Configuration Control Manager (CCM). The CCM is the designated representative from the Requirements, Standards and Design Integration IPT who serves as the CCB facilitator and coordinator for the timely disposition of all Change Requests. The CCM is the primary point-of-contact between the originator of a change request and the CCB. The CCM reviews all change requests for completeness, schedules Change Requests for review, and, with the approval of the Chairman, develops each CCB agenda and schedules each CCB meeting.

- (1) Provides management support for all CCB action items.
- (2) Receives and distributes copies of all CCB action items and amendments.
- (3) Schedules and distributes copies of all CCB action items and amendments.
- (4) Secures technical and/or contractual assistance as required to evaluate and process assigned CCB action items.
- (5) Collects CCB members' Evaluation Forms for the Chairperson's review prior to CCB meeting.
- (6) Obtains and/or recommends corrections or revisions (via message or letter) for the CCB Chairperson's use prior to the meeting.
- (7) Records and distributes minutes of CCB meetings to all members.
- (8) Maintains status records of each CCB action item from receipt until final disposition.

7.9 CCB Voting/ Non Voting Members and advisors. In addition to the CCB Chairperson, voting Members of the CCB are:

- PTCM Program Manager
- PRISM Group Leader
- Acquisition and Business Group Leader
- IT Leader (for IT related changes)

The following members will constitute Non Voting Members of the CCB:

- GIPT Leader(s) for the project(s) affected,
- Resource Management Group Leader
- Cost Analysis Team Leader
- KO for the project(s) affected
- KS for the project(s) affected
- Cost Analyst for the change order
- COR

In addition, various advisors to the CCB participate on an as required basis depending upon the technical nature of the proposed changes. The PENREN Chief Engineer is the primary advisor for the CCB. Other advisors may include, but are not limited to:



Requirements, Standards and Design Integration IPTL, Security IPTL, Commissioning IPTL, PBMO, IT Engineers, PENREN Engineers, and Special Consultants.

- 7.10 Resource Management Group IPT Member. The RM representative advises the CCB or the GIPTL of the funding availability for the pending change order. The RM IPT member will process the appropriate funding action to implement the change order.
- 7.11 Partner Integration Manager (PIM)/Partner Information Technology Manager (PITM). The Partner Integration Manager and Partner Information Technology Manager provide conduit between PENREN and the tenant agencies as it relates to the ongoing renovation and construction of new projects in the Pentagon. PIM and PITM coordinate the user requirements provided by the Agencies to ensure that they are integrated into the Design Intent Documents (DIDs) and that final Tenant Fit Out (TFO) drawings reflect the needs of the tenants. All changes that deviate from the DIDs are coordinated by the PIM and PITM through the use of Tenant Change Request (TCR) process.
- 7.12 Tenant Change Coordinator (TCC). The Tenant Change Coordinator tracks and manages all changes identified for Tenant Change Request process by capturing all identified TCRs into the TCR database and coordinating the proposed changes with the TFO design build team for cost, schedule, design, and construction impacts.

## **8. Changes Requiring CCB Review Process (flow chart at enclosure 7)**

- 8.1 Originator. Any person or organization may request a change to a baseline requirement. It is the responsibility of the person or organization initiating the change request to complete the Baseline Requirement Change Request Form (BRCRF) (encl 5). The completed form should be provided to the CCM through the Requirements, Standards and Design Integration IPT.
- 8.2 Review for Adequacy. Upon receipt, the CCM will review the completed change request form to make sure that it is entirely filled out and that the form contains enough detailed information for the CCB to reach a decision or recommendation concerning its disposition. Forms that are inadequately prepared will be returned to the originator with specific instructions for correcting the areas that need improvement.
- 8.3 Distribution to CCB Members. After a determination has been made by the CCM that the BRCRF is complete and sufficient for CCB evaluation, the CCM will transmit copies (paper or electronically) of the BRCRF to each CCB member and others as required for evaluation. Normally, each change request will be scheduled for a 10-day review period by the individual CCB members. Emergency change requests will be provided and considered by the CCB immediately.
- 8.4 Change Evaluation. CCB members or their designated representative will evaluate the BRCRF within the 10 day period. Any CCB member who discovers errors or who needs additional information will inform the CCM immediately. If the need for a correction or revision to the BRCRF is discovered during the evaluation period, the

CCB Chairperson may decide to send the form back to the originator for revision. Prior to the completion of the evaluation period, each voting member of the CCB and the Chief Engineer will complete a CCB Member Evaluation Form (encl 5.1) and provide a copy to the CCM in preparation for the next scheduled CCB meeting.

- 8.5 CCB Meeting. For routine meetings, CCB Chairperson will conduct the CCB meeting in accordance with the previously approved and published agenda. For emergency meetings, the Chairperson will schedule and conduct the CCB meeting as may be required to meet the objectives of the Renovation Program.
- 8.6 Decision. After a brief discussion, to include contracting and RM input, the CCB Chairperson will complete a CCB Action Form (encl 5.2) for each BRCRF based on the consensus opinion of the CCB members.
- 8.7 CCB Authority. If the proposed baseline requirement change is mandatory and its estimated cost is \$1,000,000 or less, the CCB can approve the change without the review and approval of higher authority. The CCB can disapprove a change of any estimated cost. The CCB Chairperson may decide to forward any change to the Deputy Program Director for approval regardless of its estimated cost.
- 8.8 Higher Authority. The Deputy Program Director may approve/disapprove any change, including sources of funding, estimated at \$1,000,000 or less. The Program Director may approve any change/disapprove any change.
- 8.9 Disposition. A copy of approved changes at any level are returned to the Originator and forwarded to the GIPTL, Contracting and Resource Management by the CCM. GIPT affected by the change shall commence incorporating the approved change through the use of PPN IPT process. Disapproved changes at any level are returned to the originator by the CCM with a written rationale for CCB decision.

**9. Normal Changes.** See enclosure 8, Normal Change Flow Chart using the PPN IPT approach.

- 9.1 When a new change requirement is identified, the GIPTL and the KO or their designated representative will meet with the contractor, assign resources to the Team, and establish a schedule to deal with the requirement.
- 9.2 Team members will meet on as needed basis in order to jointly develop the SOW, schedule, and pricing approach and methodologies for the proposed change. It is recommended that a PNM or PRM (See enclosure 6) be prepared concurrent with the consensus. The contract specialist prepares the PNM/PRM with technical and estimator assistance, and as required, from other team members.
- 9.3 The contractor will then prepare and submit a proposal. Approved pricing proposals will be adopted by the Government Estimator as the Government Cost Estimate and will satisfy any applicable requirements for an Independent Government Cost Estimate. At this time, the PNM will be finalized, if possible, and dated.

- 9.4 Any unresolved matters in the received proposal will be negotiated and documented in the PNM. Once negotiations are completed and an agreement reached, the PNM will be revised, as required, signed and dated.
- 9.5 The GIPTL will be notified immediately if negotiations indicate that the final cost of a change will exceed the verified funded amount.

**10. Expedited Changes.** (See enclosure 9, Expedited Change Flow Chart).

- 10.1 In those situations where Expedited Change processing is necessary, a Change Order may be issued to a Contractor prior to definitization of the change. The Expedited change will be used when the GIPTL and KO determine that in order to avoid adverse impact to the project, it is necessary to begin the work before a price can be negotiated. Change Orders can only be issued by contract modifications (see paragraph 9.2). They must contain an Authorization to Proceed (ATP) and a Not to Exceed (NTE) amount and funds committed to the full extent of the anticipated value of the proposal. Any funds obligated against the NTE amount must be supported with a certified funding document.
- 10.2 The KO may verbally issue direction to proceed with a Change Order, including the NTE amount, when this work has been approved and funded, and the contract modification is in preparation. Verbal direction to proceed will be confirmed in writing within a reasonable period of time after the verbal notice to proceed.
- 10.3 The modification's definitization schedule will provide for definitization of the Change within 60 days after the date of the Change. The KO may authorize payment for up to 75% of the NTE amount in those cases where the change is not definitized before the work is completed. The Acquisition and Business Group Leader may authorize additional payments when additional funds are obligated. Under no circumstances will payments be authorized that exceed the obligated amount. The PPN IPT will be utilized for the definitization process.

**11. Emergency Changes.** (See enclosure 10, Emergency Change Flow Chart).

- 11.1 Emergency Change procedures will not be used to avoid Normal or Expedited Change procedures when circumstances permit.
- 11.2 The GIPTL and the KO will verify the need and take actions necessary to mitigate or correct the negative impact. The PM, DPM, CCB, RM, and IM&T PM, if the change is IM&T-related, will be notified as soon as possible. If the need arises during non-duty hours, notification will be made on the next duty day unless the nature of the emergency dictates immediate notification. If the KO for the affected contract is not available, the Acquisition and Business Group Leader will be notified. The Acquisition and Business Group Leader, or any other PENREN KO, will take appropriate action.
- 11.3 PPN IPT will be used for the definition process.

**12. Field Changes.** (See enclosure 11, Field Change Flow Chart).

- 12.1 Field Changes will be used to expedite minor changes to contract work and eliminate or minimize contract delays. See enclosure 12, Field Change Form. Field Changes will not be used for work that is expected to exceed a total value of \$5,000, unless authorized by the DPM, or for work that extends the duration of the contract's critical path.
- 12.2 When a Field Change CLIN is required, the GIPTL will process a Request for Funding Action for the total estimated value and obtain funding approval from the RM. The value of a Field Change CLIN will not normally exceed \$100,000. When a Field Change CLIN is included in the contract, Section H, Special Contract Requirements will explain its use and limitations.
- 12.3 With the advice of the GIPTL, the KO may appoint a member(s) of the GIPT, usually a COR, to the distinct duty as Ordering Officer for the purpose of issuing Field Changes. The GIPTL will be responsible for the operation of the Field Change process. However, maintenance of field changes via authorization and log will remain the responsibility of the contract specialist with periodic review of field changes and reporting to the KO and GIPT on the reasonableness of the priced work.
- 12.4 The Ordering Officer will ensure that funds authorized in the Field Change CLIN are sufficient to satisfy the cost of the change, not to exceed \$5,000.
- 12.5 A Field Change will normally be initiated on the Field Change Form, enclosure 12. A work description will be included. The Ordering Officer will coordinate the proposed minor change with the GIPTL to ensure there are no adverse program impacts. If the proposed minor change does not extend the contract's critical path, the Ordering Officer will promptly advise the Contractor of the needed change, negotiate a fair and reasonable price, and direct the Contractor to proceed with the work. The Field Change will include the negotiated cost and profit, if any, SOW, and the period of performance. The Contractor and the Ordering Officer, or KO will sign the Field Change Form. The Contractor and Government will each retain a copy. A copy will be provided to the KO monthly. The contracting specialist will track the completion of the Field Change.
- 12.6 As appropriate, the IM&T IPT representative will coordinate Field Change forms to indicate concurrence that there will be no adverse impact on IM&T contracts as a result of the Field Change.
- 12.7 When the work is completed, the Contractor will attach a copy of the Field Change to the invoice and reference the completed Field Changes for the period on a separate line in the invoice. The Ordering Officer will list or reference Field Changes, included in invoices, on the DD Form 250 that is forwarded to the KO with the invoice.
- 12.8 The KO will ensure that Field Change agreements are incorporated into the contract monthly.

### **13. Tenant Requested Changes**

- 13.1 Changes requested by a tenant will be coordinated by the Partner Integration Manager (PIM)/Partner Information Technology Manager (PITM) as necessary. The PIM/PITM submits a change request to the Tenant Change Coordinator (TCC) to review for accuracy and thoroughness. The TCC then enters the change into the Tenant Change Request (TCR) database.
- 13.2 The TCC will meet with the Tenant Fit Out Design Build team or Other Government Contract (OGC) representative to review the request for cost, schedule, design, and construction impacts.
- 13.3 If the change is above the program's baseline requirements (such as, drywall cladding), it must go to the CCB for review and approval. The proposed change will not be executed if CCB disapproves the change.
- 13.4 If the change does not require CCB review, the completed cost/schedule estimate is forwarded to the Operations and Scheduling departments for overall Program impact review. This analysis will include a review of the proposed durations, and possible impacts to the overall construction schedule. If this review indicates an unacceptable impact to the overall Program schedule, the TCR is rejected and returned to the TCC to forward to the PIM. If the impact is determined acceptable, a complete package (to include a proposed layout of the change, pricing, and schedule impact) is given to the PIM/PITM for a final approval from the TAR and copied to PBMO for information. At this point it is considered only an estimate until the package is returned to the TCC with the TAR's signature.
- 13.5 If the tenant accepts the estimate and CCB approves the change, the signed package is returned to the PIM/PITM who passes it to the TCC, who provides a copy to the Contracting team and the Resource Management (RM) team.
- 13.6 RM prepares Part I and II of DoD Form 2647 "Reimbursable Project Worksheet" (or equivalent document as appropriate) for signature by the team estimator, and forwards to applicable agency. Agency completes Part III of Reimbursable Project Worksheet form, prepares appropriate funding document, and sends both to PENREN RM. RM posts receipt of funding in TCR database and notifies Geographic IPT that funds are available. Geographic IPT submits PENREN Request for Funding Action (RFA) to designate how funds will be executed. RM takes appropriate actions to issue funding documents to contracting officers for Tenant Fit Out Design Build team, OGCs or other performers as required, and updates TCR database with status.
- 13.7 Following certification of funds, the Contracting Officer may issue a Notice to Proceed contract modification with a Not To Exceed price equal to the estimate. Following negotiation as appropriate, the Contracting Officer issues a definitized contract modification to the Tenant Fit Out Design Build team (or OGC as applicable) to proceed and simultaneously copies the TCC.

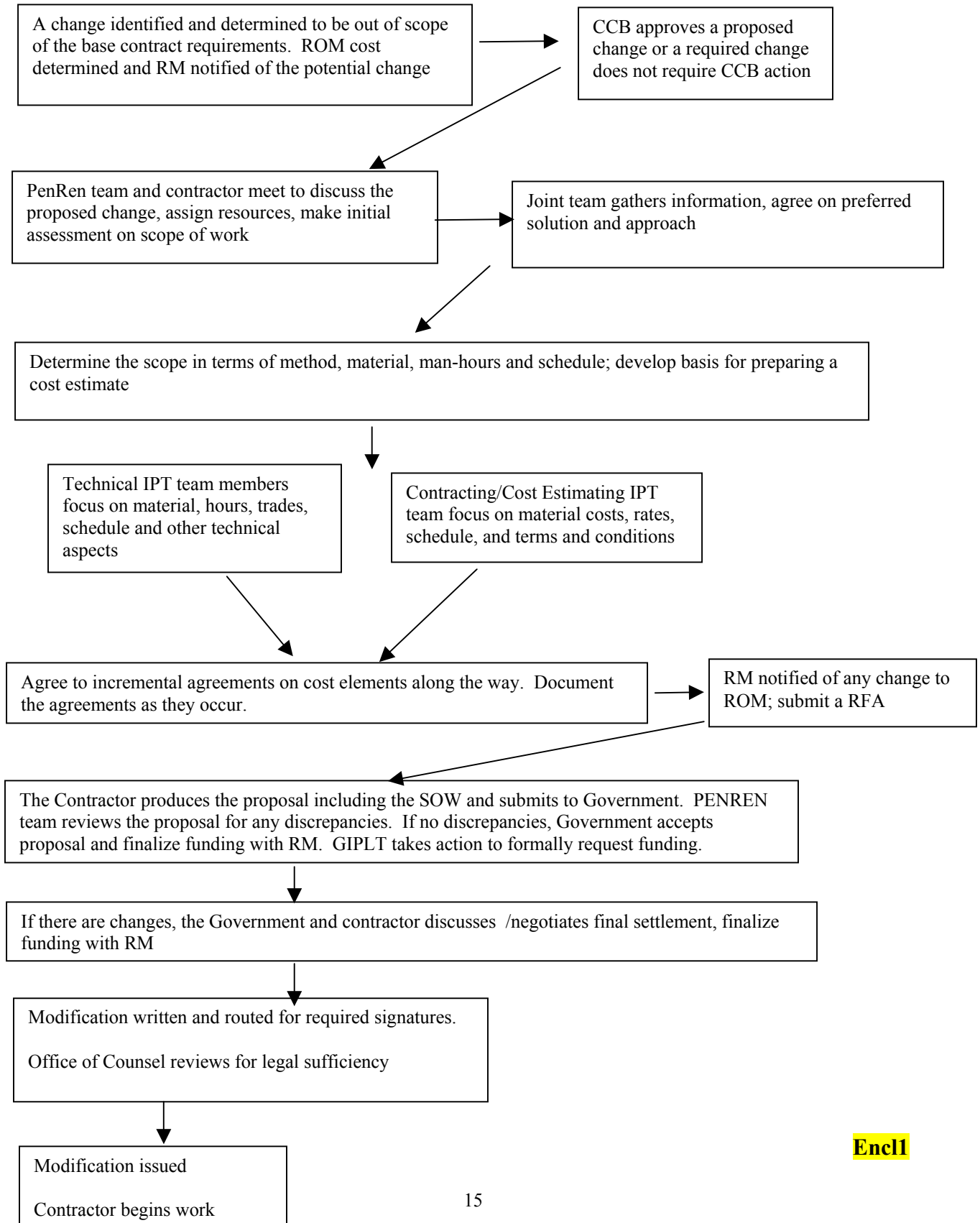
**14. Effective Date.** This policy supercedes PMD 00-05A dated 24 may 2001 and takes place of PMP 01-07 dated 18 May 2001 and is effective immediately.

**Michael R. Sullivan**  
**Program Director**

12 Enclosures:  
As stated

1. PPN IPT Flow Chart
2. Memorandum of Understanding (MOU) for PPN IPT
3. PPN IPT Cost Format
4. Change Request Form
5. Baseline Requirement Change Request Form (BRCRF)
6. PNM/PRM Documentation Format
7. CCB Process flow Chart
8. Normal Change Flow Chart
9. Expedited Change Flow Chart
10. Emergency Change Flow Chart
11. Field Change Flow Chart
12. Field Change Template
13. Tenant Change Flow Chart

### PPN IPT Process



Encl1

**MEMORANDUM OF UNDERSTANDING  
BETWEEN  
PENTAGON RENOVATION PROGRAM OFFICE  
[Insert IPT] GOVERNMENT INTEGRATED PROJECT TEAM  
AND  
[Insert Contractor Name]  
FOR  
INTEGRATED PROJECT TEAM  
PROPOSAL PREPARATION AND NEGOTIATIONS UNDER  
[Insert Contract Number and Project Title]**

**I. BACKGROUND**

Contract changes usually involve a serial process where the government and contractor work independently to arrive at an agreement. This process can result in fragmented reviews, poor communication, missed opportunities to synergize, numerous proposal updates, significant duplication of effort, and expended resources. An Integrated Project Team (IPT) proposal preparation and negotiation process will be implemented where proposal preparation, fact-finding, and negotiations are accomplished concurrently in a government/contractor (joint) IPT environment. The benefits of this process are that it improves communication, provides better understanding of the parties' position, fosters partnerships, reduces time to award, and reduces proposal updates and costs.

**II. PURPOSE**

The purpose of this Memorandum of Understanding (MOU) is to clearly establish the team relationships, responsibilities, and activities of both the Pentagon Renovation Program Office and (**Contractor**) for an IPT proposal preparation and negotiation process for contract modifications exceeding (**dollar amount of field change threshold**). The MOU will outline the process and responsibilities from the development of the scope of work through the submission of a proposal.

**III. DESCRIPTION**

After the Configuration Control Board reviews and approves a change or the customer identifies a change, the GIPT and prime contractor will meet to assess the requirements of the change and generate a plan of action. The GIPT Leader, Contracting Officer and Contractor will designate teams that will discuss solutions to address the change and develop a scope of work. After the requirements for material, labor, and schedule are identified, the teams will work together to arrive at a fair and reasonable price. The contractor will submit its proposal, and the Government estimator, technical representative, contract specialist, and Contracting Officer will sign a summary memo that documents the agreement.

**IV. RESPONSIBILITIES**

The following paragraphs identify the primary responsibilities of the teams involved from the development of a scope of work through the establishment of a proposal. This is designed as a collaborative process with involvement from appropriate team members at all stages.

**A. The Government Integrated Project Team will:**

1. Obtain a signed MOU of the process
2. Participate in the kickoff process
3. Ensure appropriate members of the team are available to provide information to the Contractor
4. Work with the Contractor to develop a scope of work and negotiate pricing
5. Provide incremental agreements to the Contracting Officer for review on a daily basis when the Contracting Officer is unable to attend the proposal preparation and negotiation meetings
6. Prepare and sign the IPT proposal summary memo
7. Work to develop a spirit of trust throughout the process

**Encl 2**



B. The Contractor will:

1. Sign a MOU identifying the roles and responsibilities of the teams
2. Provide a representative that has the authority to commit the contractor and participate in the kickoff process
3. Ensure appropriate members of the team are available to provide information to the GIPT
4. Recommend solutions to address the change
5. Work with the GIPT to develop a scope of work and negotiate pricing
6. Disclose rates, estimates, and subcontractors' costs
7. Submit certified cost and pricing data if required
8. Prepare an updated schedule
9. Prepare, sign and submit the proposal
10. Work to develop a spirit of trust throughout the process

C. In the event that any provision of this MOU conflicts any term of contract MDA947-*(insert contract number)*, the contract shall take precedence.

**V. EFFECTIVE DATE, AMENDMENT, AND TERMINATION**

A. This MOU becomes effective on the date of the later signature.

B. The parties to this MOU will meet periodically during the proposal preparation and negotiation process and as necessary thereafter. At the request of either party, this MOU may be reviewed. Any necessary additions, deletions, or changes shall be made in writing and signed by the signatories or their designated representatives.

C. This MOU will remain in effect through the term of the contract or until superseded or terminated by written mutual agreement.

**VI. ACCEPTANCE OF AGREEMENT**

*(Include more spaces for signatures if determined necessary by the parties)*

**Pentagon Renovation Program Office**

**(Contractor)**

Signature: \_\_\_\_\_  
*(Insert name)*

Signature: \_\_\_\_\_  
*(Insert name)*

Title: GIPT Leader

Title: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

Name: \_\_\_\_\_  
*(Insert name)*

Title: Contracting Officer

Date: \_\_\_\_\_

### Cost Format

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## CHANGE REQUEST FORM

DATE:

PRT:

Proposed Change Description:

Reason: ☐ Mandatory ☐ Discretionary

Estimated Cost:

☐ \$0.00 - \$24,999.00, ☐ \$25,000.00 - \$99,999.00,  
☐ \$100,000.00 - \$249,999.00, ☐ \$250,000.00 - \$499,999.00,  
☐ \$500,000.00 - \$1,000,000.00, ☐ Over \$1,000,000.00

Type of Change:

☐ Recovery, ☐ Acceleration, ☐ Force Protection, ☐ Program Directed IM&T, ☐  
Program Directed Non-IM&T, ☐ Differing Site Conditions,  
☐ Tenent Requested, ☐ FFD Requested, ☐ CCSP

Schedule Impact:

PRT POC:

Telephone

**Encl 4**

# **BASELINE REQUIREMENT**

## **Change Request Forms and Instructions**

### **INSTRUCTIONS**

#### **CHANGE REQUEST FORM**

**SECTION 1.** Proposed Change. Summarize the reason for the baseline requirement change. Attach a page(s) documenting the original baseline requirement in the contract. Proposed changes to concept drawings or specification sections will be annotated on the last page of the change request. Any specific details related to the proposed new baseline requirement should be included in the adjustments to the drawings and specifications. This section must be coordinated through the GIPT PPN IPT. Annotate the name and phone number of the person preparing this section.

**SECTION 2.** Schedule Impact. Summarize the estimated impact to the schedule including critical path impact and an estimated number of days. This section should be coordinated with the project construction management team scheduler for the individual GIPT.

**SECTION 3.** ROM Cost Estimate - Mandatory Change. The budget section must be completed or coordinated with a program estimator. It must provide a budget cost for the design (if required) and for the actual construction of the proposed change. Annotate the name and phone number of the person preparing this section.

**SECTION 4.** ROM Cost/Benefit Analysis - Discretionary Change. This section should be completed for discretionary changes only. In addition to initial cost differences, life cycle costs, reliability, maintainability, and environmental considerations may be addressed. Attach separate sheets to the change request form as necessary to provide all of the supporting documentation available for Section 4.

#### **CCB Member Evaluation Form**

Please complete each section as indicated.

#### **CCB BOARD ACTION FORM**

Please complete each section as indicated.

**Encl 5**

# Baseline REQUIREMENT

## Change Request Form

Document Control Number (Date and Time)

\_\_\_\_\_  
YYYYMMDDHHHH

PROJECT: \_\_\_\_\_ Type of Change: Mandatory \_\_\_\_\_ Discretionary \_\_\_\_\_

1. **Proposed Baseline Requirement Change** (attach supporting documentation)

\_\_\_\_\_  
\_\_\_\_\_

Technical POC: \_\_\_\_\_ Telephone: \_\_\_\_\_

2. **Schedule Impact** (include estimated number of days, critical path impact etc.)

\_\_\_\_\_  
\_\_\_\_\_

3. **ROM Cost Estimate - Mandatory Change Only** (attach supporting documentation)

For Design \$ \_\_\_\_\_ For Construction \$ \_\_\_\_\_

Technical POC: \_\_\_\_\_ Telephone: \_\_\_\_\_

4. **ROM Cost/Benefit Estimate - Discretionary Change Only**. (attach supporting documentation).

Design \$ \_\_\_\_\_ Construction \$ \_\_\_\_\_

Technical POC: \_\_\_\_\_ Telephone: \_\_\_\_\_

**Encl 5**

# Baseline REQUIREMENT

## CCB Member Evaluation Form

1. PROJECT: \_\_\_\_\_ MANDATORY \_\_\_\_\_ DISCRETIONARY \_\_\_\_\_

Document Control Number \_\_\_\_\_ (from attached change request)

Scope of Work of Proposed Change (Short title from attached change request)

\_\_\_\_\_

\_\_\_\_\_

Comments:

\_\_\_\_\_

\_\_\_\_\_

2. Recommendation

Approval \_\_\_\_\_

Disapproval \_\_\_\_\_

Signature: \_\_\_\_\_ Date: \_\_\_\_\_

**Encl 5.1**

## CCB Action Form

**PROJECT:** DISCRETIONARY OR MANDATORY CHANGE

**Document Control Number** \_\_\_\_\_ (from attached change request)  
YYYY MM DD TTTT

**Scope of Work of Proposed Change:**

**Decision** Approved \_\_\_\_\_ Disapproved \_\_\_\_\_

**Recommendation** Approval \_\_\_\_\_ Disapproval \_\_\_\_\_

**Comment:**

**Signature:** \_\_\_\_\_ **Date:** \_\_\_\_\_  
Chairperson CCB

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**Resource Management Group**

**Comments:** \_\_\_\_\_

**Signature:** \_\_\_\_\_ **Date:** \_\_\_\_\_  
Resource Manager

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**Contracts Management Group**

**Comments:** \_\_\_\_\_

**Signature:** \_\_\_\_\_ **Date:** \_\_\_\_\_  
Contracts Manager

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**Deputy Program Director**

**Decision** Approved \_\_\_\_\_ Disapproved \_\_\_\_\_

**Comments:** \_\_\_\_\_

**Signature:** \_\_\_\_\_ **Date:** \_\_\_\_\_  
Deputy Program Director

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**Program Director**

**Decision** Approved \_\_\_\_\_ Disapproved \_\_\_\_\_

**Comments:** \_\_\_\_\_

**Signature:** \_\_\_\_\_ **Date:** \_\_\_\_\_  
Program Director

**Encl 5.2**

## **IPT PROPOSAL Post Negotiation or Price Reasonableness DOCUMENTATION**

### **I. INTRODUCTION SUMMARY:**

This change is a result of a (fill in why we are doing the change: differing site condition or user request).

### **II. BACKGROUND:**

- a. The GIPT and Project manager met on (insert date) to discuss what resources were needed from both teams to resolve the change.
- b. The change team convened on (insert date) to begin the change process:

Representing the Government

Representing the Contractor

### **III. ACQUISITION SITUATION:**

- a. Describe what the contractor is providing.

### **IV. NEGOTIATION SUMMARY:**

**Elements of Cost:** (each element of cost will have a, b, and c below)

#### **1. General Conditions (010000):**

- a. Rationale for Proposed Cost:
- b. Joint Team Evaluation:
- c. Agreed Upon Results:

#### **2. Materials (*cite reference*):**

- b. Rationale for Proposed Cost:
- c. Joint Team Evaluation:
- d. Agreed Upon Results:

**Encl 6**



3. Performance Period: Describe how/if the contract schedule /performance period is affected.
4. Based on the above documented agreed upon results the total cost of (*insert total agreed cost*) is hereby determined to be fair and reasonable.
5. This document is considered to be the Government estimate and serves the requirement at FAR 36.203.

Estimator

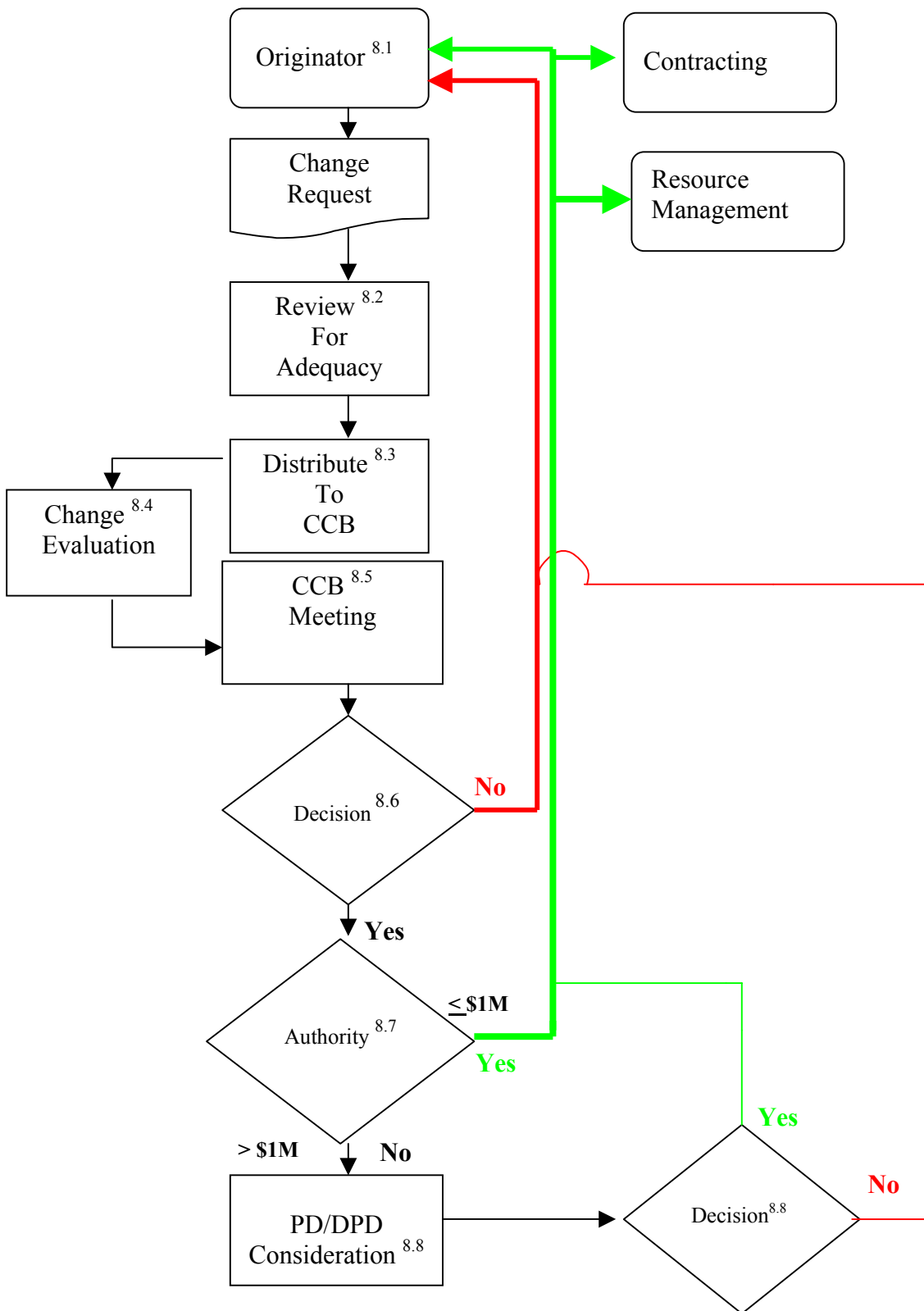
Technical Representative

Contracting Officer

**Encl 6**

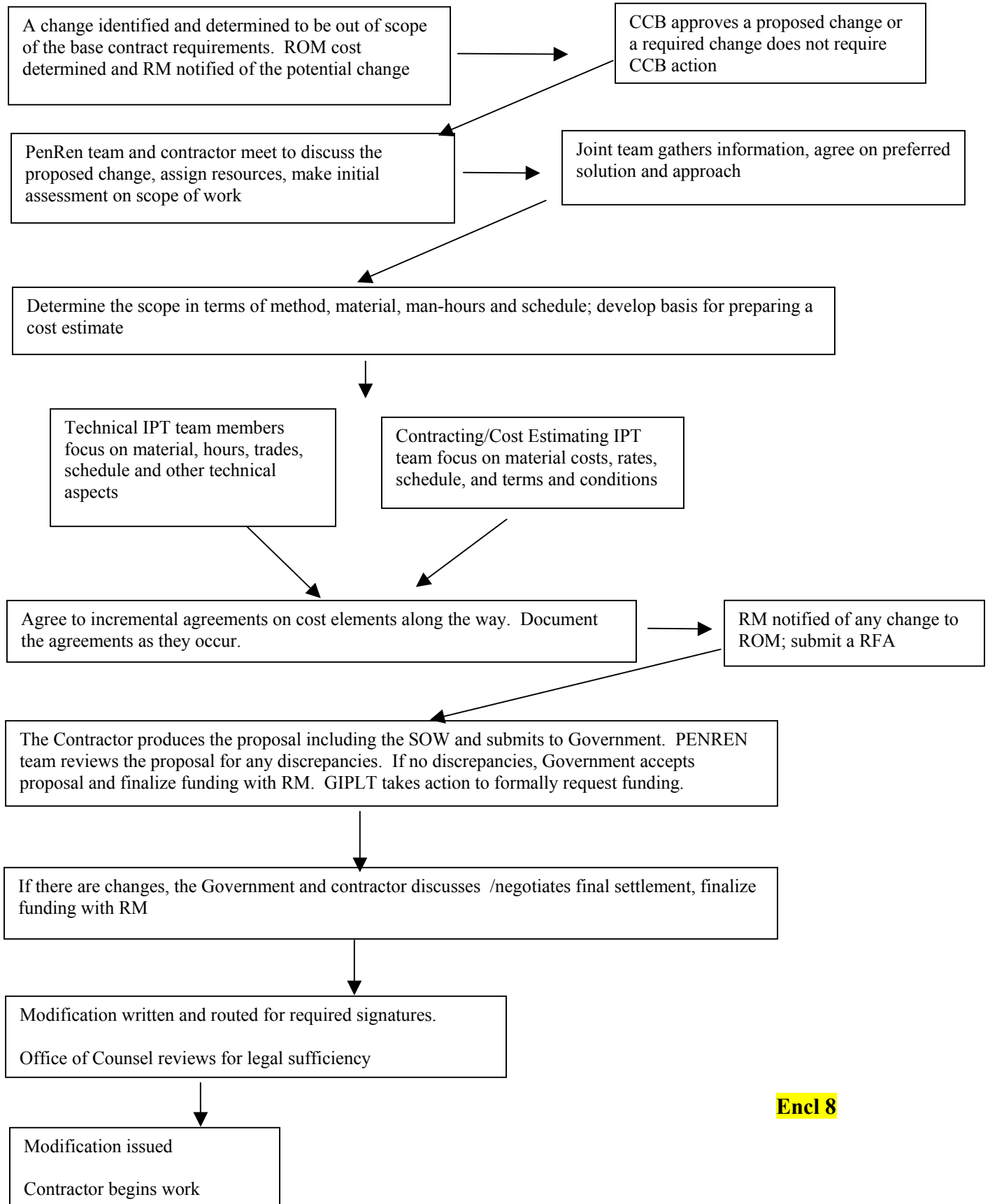
# The CCB Process

(refer to section 7 of the policy)

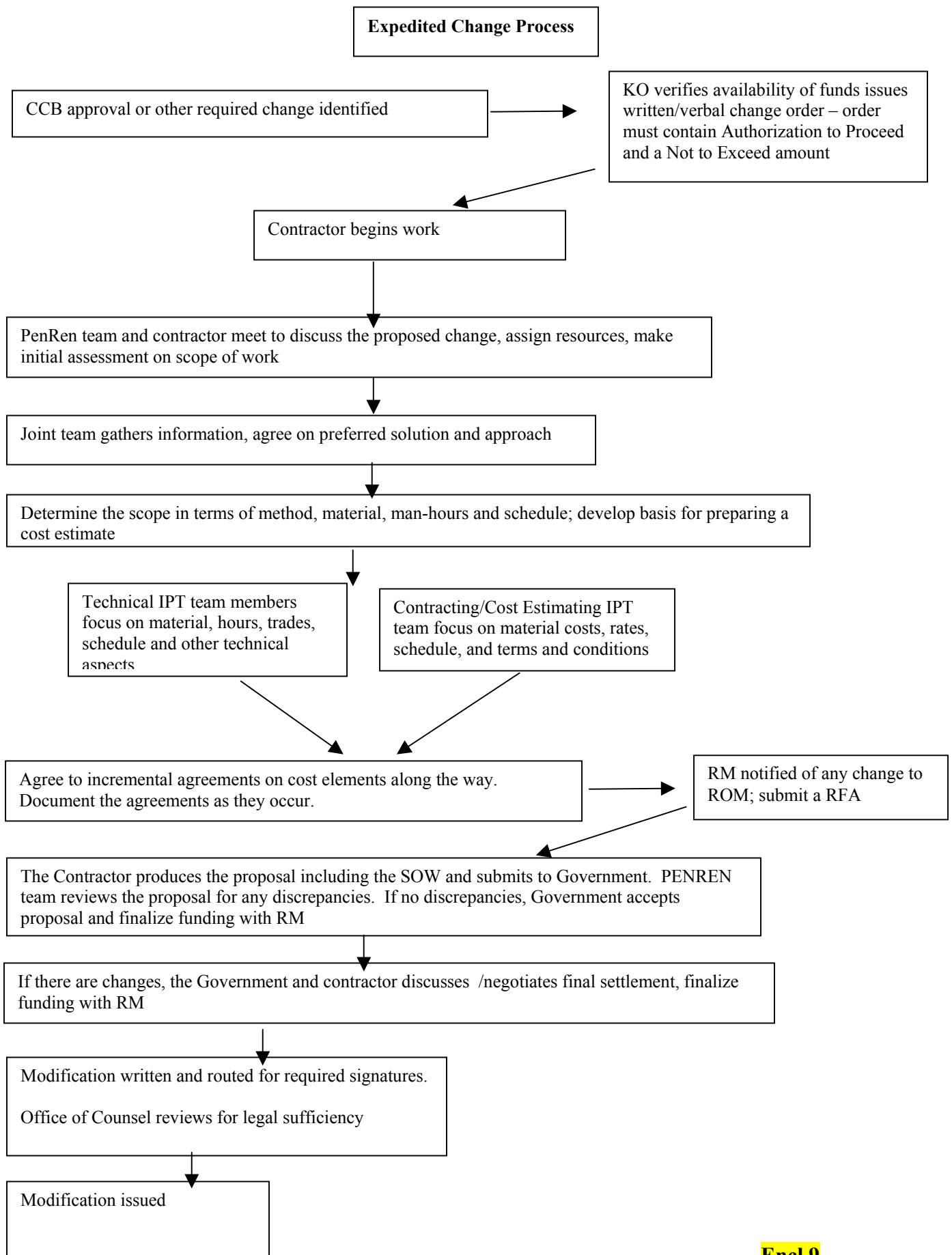


**Encl 7**

### Normal Change IPT Process

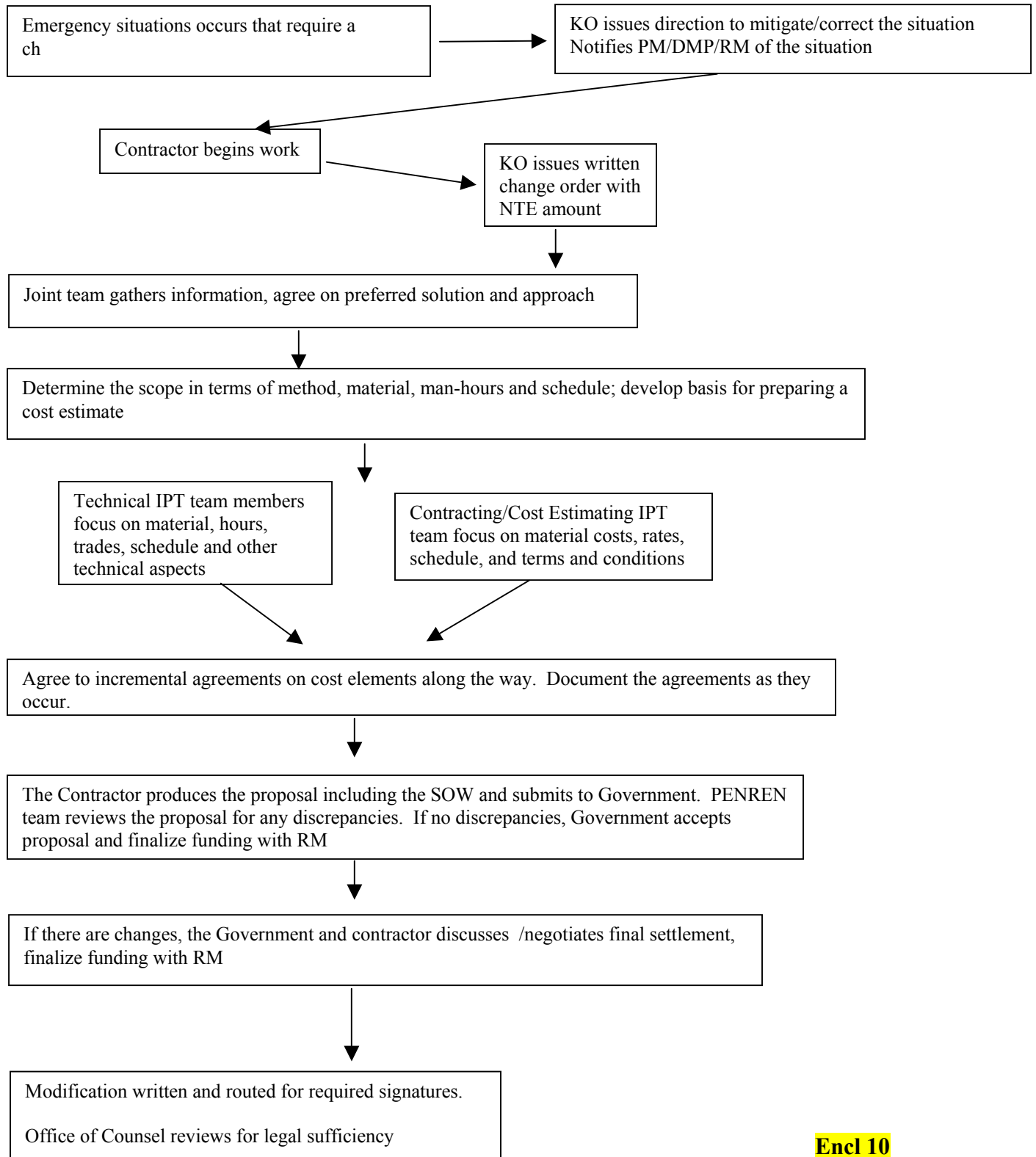


**Encl 8**



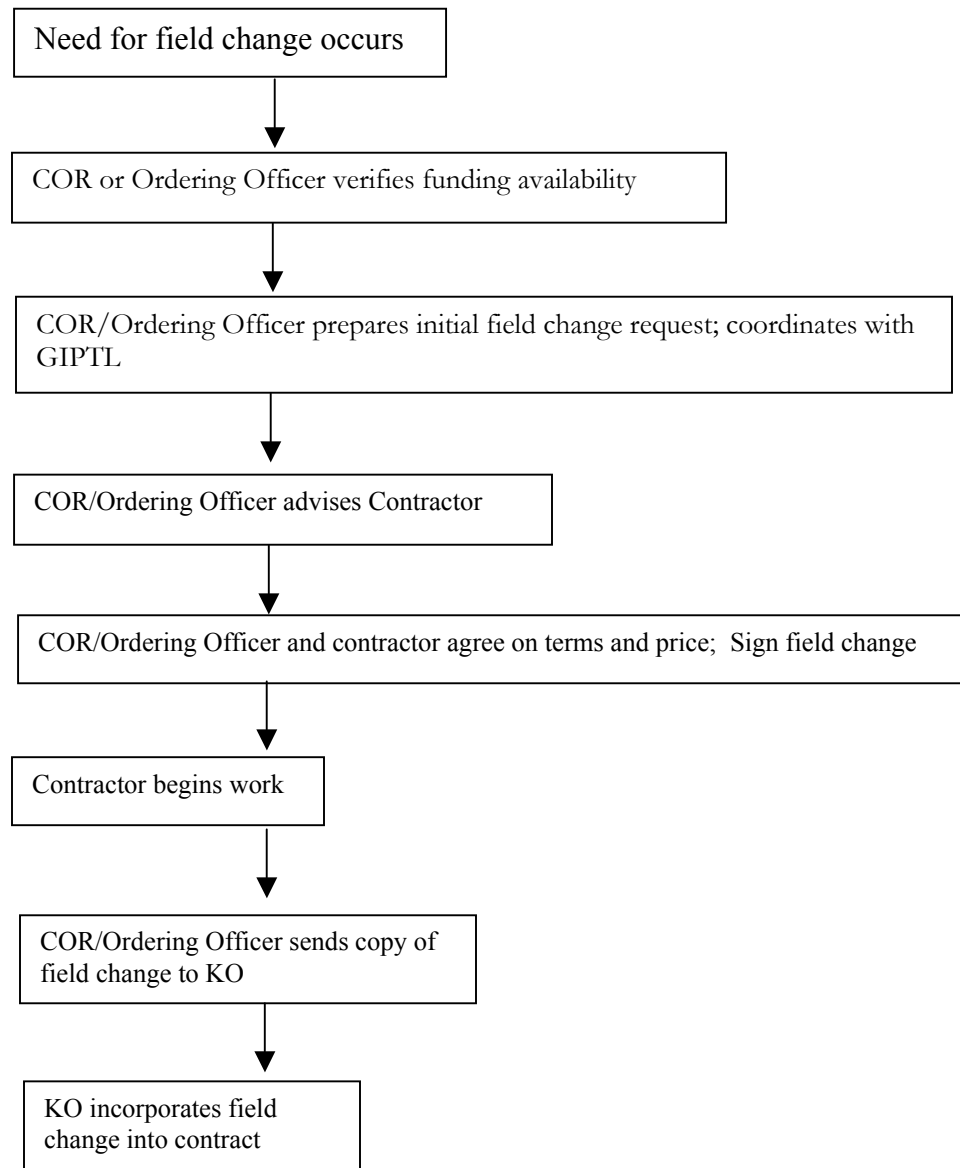
**Encl 9**

## Emergency Change Process



**Encl 10**

### Field Change Flow Chart



**Encl 11**

**PENTAGON RENOVATION PROGRAM**

**PENREN Field Change**

**Contract Number:** \_\_\_\_\_ **Date:** \_\_\_\_\_

**TRACKING NUMBER:** \_\_\_\_\_ **NAME OF COR:** \_\_\_\_\_

**NAME OF AUTHORIZED CONTRACTOR REPRESENTATIVE:** \_\_\_\_\_

**IM&T REPRESENTATIVE COORDINATION (Signature/date)** \_\_\_\_\_

**Required Change:** [Describe the change in detail (attach marked up spec or drawing if necessary) including supplies or details that may affect price]

**Necessity for change:** (describe why the change is necessary)

**Proposed Solution:** (Describe solution for required change)

**Cost (Government/Contractor agreed cost for work described above; attach backup details if required)**

**Labor:**

**Material:**

**O/H:**

**Profit:**

**Total Price (Maximum total cost amount: \$5,000.00):** \_\_\_\_\_

**Period of performance (Field Change work will not impact critical path activities):** \_\_\_\_\_

Upon signature by both parties to this agreement, the Government ensures that adequate funding is available for the change. Both parties further agree that the solution described herein is to be performed in accordance with the defined scope for the agreed upon cost in the amount of days determined necessary for completion. This change or an accumulation of these types of changes has no effect on the overall construction schedule.

In consideration of the change(s) agreed to herein as complete equitable adjustment, the Contractor hereby releases the Government from any and all liability under this contract for further equitable adjustments attributable to such facts or circumstances giving rise to the proposal for adjustment described herein.

\_\_\_\_\_  
Signature and Date

\_\_\_\_\_  
Signature and Date

\_\_\_\_\_  
Printed/Typed Name of Ordering Officer

\_\_\_\_\_  
Printed/Typed Name of Contractor Representative

**Encl 12**

# TENANT CHANGE REQUEST PROCESS FLOW CHART

10/7/03

